

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)	
GAS ADJUSTMENT FILING OF)	CASE NO. 8735-K
B & H GAS COMPANY, INC.)	

O R D E R

On May 31, 1983, the Commission issued its Order in Case No. 8735 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

The current retail rates of B & H Gas Company, Inc. ("B & H") are designed to recover only the cost of gas from its primary supplier, Bradley and Son Oil and Gas Company. During certain months of the year, however, B & H also purchases gas from Kentucky West Virginia Gas Company ("Ky. West"). On August 1, 1990, in compliance with the Commission's Order in Case No. 8735-F,¹ B & H filed with this Commission a proposal to institute a surcharge to recover the cost of gas from Ky. West for the months October 1989 through May 1990 to be effective September 1, 1990.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

¹ Case No. 8735-F, The Notice of Purchased Gas Adjustment Filing of B & H Gas Company, Inc., Order dated March 29, 1989.

(1) B & H proposed to implement a surcharge in the amount of 42 cents per Mcf to recover \$6,923 in gas cost from Ky. West and \$649 that was not recovered through its previous surcharge. The surcharge was calculated by dividing the remaining under-recovery plus purchased gas expense from Ky. West for October 1989 through May 1990 by B & H's sales volumes for the months September 1989 through February 1990.

B & H reported and documented purchases from Ky. West for a 7-month period. B & H reported and documented sales for a 6-month period. Pursuant to the Commission's Order in Case No. 8735-F, B & H should have computed its surcharge using 7 months of sales data instead of 6 months. However, because December was an unusually cold month and B & H's sales level was high in comparison to other winter months, the use of 6 months data does not produce an unreasonably high surcharge compared to what would be produced ordinarily by 7 months of data. B & H should be allowed to use 6 months of sales in calculating the surcharge in the instant case. In each future filing, however, B & H should use the methodology prescribed in the Commission's Order.

(2) The surcharge should begin with gas supplied on September 1, 1990 and should continue through February 28, 1991 or until B & H has recovered a total of \$7,572 (\$6,923 + \$649).

(3) Within 30 days from the date the surcharge is terminated, B & H should file a statement reconciling supplier billings from Ky. West and the amount collected from its customers.

(4) B & H's adjustment in rates, represented by the surcharge contained in the Appendix to this Order and authorized

under the purchased gas adjustment provision approved by the Commission in its Order in Case No. 8735 dated May 31, 1983, is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after September 1, 1990.

IT IS THEREFORE ORDERED that:

(1.) The surcharge contained in the Appendix to this Order, attached hereto and incorporated herein, is fair, just, and reasonable and is approved effective with gas supplied on and after September 1, 1990 and shall terminate February 28, 1991 or when undercollections resulting from purchases from Ky. West have been recovered.

(2) Within 30 days of the date of this Order, B & H shall file with this Commission its revised tariffs setting out the surcharge authorized herein.

(3) Within 30 days of the date the surcharge is terminated, B & H shall file with this Commission a reconciliation showing billings from Ky. West and customer collections.

Done at Frankfort, Kentucky, this 29th day of August, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8735-K DATED 8/29/90

The following rates and charges are prescribed for the customers served by B & H Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES:

First 2 Mcf	\$10.1961 (Minimum Bill)
Next 8 Mcf	4.7760 per Mcf
Next 20 Mcf	4.4542 per Mcf
Over 30 Mcf	4.2610 per Mcf

A surcharge in the amount of 42 cents per Mcf shall be added to the approved rates to recover Kentucky West Virginia Gas Company cost of gas for October 1989 through May 1990 and shall remain in effect until the full amount of undercollections has been recovered.